

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 126

May 22, 1996, 11:12 a.m.
Page S-5469 Temp. Record

BUDGET RESOLUTION/\$56 Billion Tax Increase for Education-Training

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Domenici motion to table the Kerry amendment No. 3991.

ACTION: MOTION TO TABLE AGREED TO, 52-48

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Kerry amendment would increase the spending level for function 500 by \$56.1 billion over 6 years, with the intention that the additional funds be spent on education programs. To pay for that increased spending, the amendment would increase tax collections instead of cutting other spending. The stated intention of the amendment's sponsor was to increase tax collections by extending expiring taxes (which were not identified) and by making unspecified corporate and business tax reforms.

Following debate, Senator Domenici moved to table the Kerry amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

Here we go again. The Democrats have apparently come to the conclusion that the problem with America today is that the Federal Government just is not taxing and spending enough. We are being presented with one amendment after another that would raise taxes by extending unspecified expiring taxes and by making unspecified corporate and business tax reforms that would naturally result in the Federal Government collecting more money in taxes. Each of these Democratic amendments, of course, would spend that

(See other side)

YEAS (52)			NAYS (48)			NOT VOTING (0)	
Republicans (49 or 92%)		Democrats (3 or 6%)	Republicans (4 or 8%)		Democrats (44 or 94%)	Republicans (0)	Democrats (0)
Abraham	Hatfield	Kerrey	Campbell	Akaka	Hollings		
Ashcroft	Helms	Nunn	Jeffords	Baucus	Inouye		
Bennett	Hutchison	Robb	Snowe	Biden	Johnston		
Bond	Inhofe		Specter	Bingaman	Kennedy		
Brown	Kassebaum			Boxer	Kerry		
Burns	Kempthorne			Bradley	Kohl		
Chafee	Kyl			Breaux	Lautenberg		
Coats	Lott			Bryan	Leahy		
Cochran	Lugar			Bumpers	Levin		
Cohen	Mack			Byrd	Lieberman		
Coverdell	McCain			Conrad	Mikulski		
Craig	McConnell			Daschle	Moseley-Braun		
D'Amato	Murkowski			Dodd	Moynihan		
DeWine	Nickles			Dorgan	Murray		
Dole	Pressler			Exon	Pell		
Domenici	Roth			Feingold	Pryor		
Faircloth	Santorum			Feinstein	Reid		
Frist	Shelby			Ford	Rockefeller		
Gorton	Simpson			Glenn	Sarbanes		
Gramm	Smith			Graham	Simon		
Grams	Stevens			Harkin	Wellstone		
Grassley	Thomas			Heflin	Wyden		
Gregg	Thompson						
Hatch	Thurmond						
	Warner						

EXPLANATION OF ABSENCE:

1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:

AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

money. This particular amendment would raise taxes by nearly \$60 billion over 6 years and would spend the money on educational programs. We have no problem with making tax reforms, as we have noted before, but, if we do, we think that the savings should be given back to the American people in the form of tax relief. The Federal Government already taxes the American people too much, and State and local taxes add to that burden. In direct taxes, and in indirect taxes like higher interest costs that come from the Federal Government driving up interest rates with its high rates of borrowing, an average American family already loses more than 50 percent of its income, with most of that money being taken by the Federal Government. We think that amount is way too high. If our colleagues believe that we need to spend more on educational programs, then they should try to find some other spending to cut to pay for it. The Federal Government will spend more than \$1.6 trillion in the coming year, and by FY 2002 it will spend nearly \$1.9 trillion. Surely in budgets of this magnitude our colleagues can find \$10 billion per year in spending that they think is less important than their proposed spending increases for education.

As for the specifics of the funding levels for education programs that are in this budget resolution, we note that those programs will do relatively well. Instead of having their spending cut, they will remain at essentially their present level--all told, spending on them will increase over 7 years by \$3.1 billion. Certainly we agree with our colleagues that it would be nice to provide more, but our top priority now must be to get the budget into balance. If we fail to balance the budget, our economy will collapse, and Federal, State, and local funding for educational programs will have to be slashed in real terms.

Listening to some of the statements that have been made by our Democratic colleagues, one might well conclude that the educational system in America hinges on Federal spending, and that if the Kerry amendment is defeated we can expect a wave of ignorance to sweep over the Nation. We respectfully suggest that our colleagues are wrong. Federal educational spending comprises only around 6 percent of all educational spending in America. Education has always been primarily a State and local government responsibility. Under the Republican budget, total educational spending will be \$304 billion over 6 years. Democrats want to increase that spending by 15 percent. Fifteen percent of 6 percent is just under 1 percent. Thus, when listening to our Democratic colleagues go on and on about how this amendment means the difference between providing a sound education to America's children and a total collapse of the educational system, all listeners should keep in mind that their proposal would increase total educational funding in America by just 1 percent.

It never ceases to amaze us how Democrats think that the solution to any problem must be to spend more of the taxpayers' money on it. With education, history clearly shows that they are wrong. In constant, 1965 dollars, the amount of money that the Federal Government spends on education has more than doubled in the last 30 years. It is true that it has declined as a share of the Federal budget (to about 3 percent), but that is because large parts of the rest of the budget have grown at uncontrollable rates. It is that uncontrolled growth, in fact, that we are trying to control with this budget resolution. State and local per-pupil spending has tripled in constant dollars since 1960. Will all this increased spending, student performance has steadily declined.

Anyone who thinks that the cause of this lousy performance might be unequal distribution of funding, with students who are in underfunded schools performing more poorly than students who are in generously funded schools, is wrong. Social science research has consistently found an inverse relationship between funding and performance--the more money is spent, the worse the students do. Public school students in North Dakota have the least amount spent on them in the country, yet they have the highest test scores. Similarly, parochial school students in inner cities perform much better than their public school counterparts, even though parochial schools only spend a minor fraction of the amount per pupil that public schools spend. Over the years, the data has been so surprisingly consistent for every type of survey conducted, holding every conceivable variable constant, that the senior Senator from New York, the premier social scientist in this institution, once whimsically suggested that there must be a direct cause-and-effect relationship.

Some Senators have countered that even though the Federal Government provides only a tiny amount of the educational funding in this country, and even though increasing funding has never been shown to improve student performance, Federal spending is targeted to very specific areas and failing to keep up with inflation in spending on those areas may cause hardships. They are correct that Federal spending is targeted. For primary and secondary education, non-food assistance is primarily for children with disabilities and for disadvantaged children. For the disabled, the Federal Government has imposed numerous restrictive mandates on the States. It has also promised to pay 40 percent of the costs of meeting those mandates. It currently meets 8 percent of the costs. States do not necessarily want more money--if the Federal Government just got rid of the red tape, they could meet the educational needs of disabled children at only a fraction of the current cost. Another large percentage of Federal funds goes to areas with large numbers of disadvantaged students. Again, this funding is only a fraction of State and local funding, and increasing funding in these public schools has only had a direct inverse relationship with the performance of their students. For college, the main role of the Federal Government has been to give student loans. This role has helped many students, but we note that balancing the budget as proposed in this resolution will benefit all students who borrow money for college, not just those who get Government loans, because balancing the budget will lower interest rates by about 2 percent.

One particular educational reform proposal in this budget resolution that our Democratic colleagues have taken particular exception to is the capping of the direct student loan program at 20 percent. They object to that cap because they assume that the Federal Government can do a better job of administering student loans than can banks, which have traditionally handled the job for the Government. In 1993, with full confidence in the ability of a Federal Government bureaucracy to give loans better than private

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businesses, our Democratic colleagues rammed the direct student loan program into law as part of their reconciliation bill, which also enacted the largest tax hike in the history of the world. In 1994, the Department of Education handled 5 percent of the total Federal student loan volume through this program, disbursing \$700 million. By the middle of the next year, it could not account for nearly 14 percent of that amount. Our Democratic colleagues are mad at us for proposing a 20 percent cap; presumably, they would like the direct-loan program to cover all Federal lending, so that the Department of Education could lose 20 times as much money as it did in 1994.

In proposing an expansion of the Federal Government's role in student lending, in proposing greater Federal spending, and in proposing more in tax collections, our Democratic colleagues are being consistent, and they have the best of intentions. They truly believe that making the Federal Government bigger and increasing the number of Federal mandates is what education in America needs. We respectfully disagree with our colleagues, and urge the rejection of their amendment.

Those opposing the motion to table contended:

Everyone knows that Federal spending on education works, yet our Republican colleagues have been determined this Congress to slash funding for education programs. Last year they proposed a cut for discretionary education and training funds of \$40 billion below the current services baseline. This year, they have proposed spending \$56 billion less over 7 years than has President Clinton. Our Republican colleagues are understandably concerned about balancing the budget, but there is a right way and a wrong way to go about achieving that goal. Slashing education funding is the wrong way.

The Kerry amendment would correct the deficiencies in this Republican budget by increasing spending by another \$56 billion over 6 years, which would match the amount of spending proposed by President Clinton. This level of spending would maintain the Federal Government's level of commitment to education and training programs, by providing enough funds to cover inflation costs and increased enrollment costs. The Republican plan, in contrast, will not allow any increases for inflation or greater enrollment. Under the Kerry amendment, funding for disadvantaged students would be increased by 7 percent; funding for disabled students would be increased by 7 percent; the Pell grant maximum award would be increased by 15 percent; the College Work-Study Program would be increased by 10 percent; the TRIO Program would be increased by 8 percent. Right down the line, the Kerry amendment would provide desperately needed spending increases, instead of the draconian cuts in the Republicans' budget.

One major problem with the Republicans' educational funding proposal is that it would cap the direct lending program at 20 percent. This new program is proving to be very popular with schools and students, but our Republican colleagues have friends in the banking community who prefer to keep the old guaranteed loan system. Under the Republicans' proposal, banks will gain \$100 billion in new loan volume and will make \$5 billion to \$6 billion in profit. We object to this system. If schools and students prefer direct lending, and they do, they should be able to get it, and in the process we will save the \$5 billion to \$6 billion middleman costs.

Though the Kerry amendment at first glance appears to be a large increase, it is really a modest amendment. Over 6 years, it would spend \$17.7 billion less on function 500 than would have been invested in education if the fiscal year 1995, pre-rescission spending paths had been followed. Thus, we are not rolling back all our Republican colleagues' cuts in education: we are compromising. In the spirit of compromise, we urge the adoption of this amendment.